

Message Text

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INFO OCT-01 ADP-00 EB-11 INR-10 RSC-01 (ADP) R

DRAFTED BY EA/EP:AGEBER:SMK

EXT 20260 - 7/18/73

APPROVED BY EA - MR. BARGER

EB/IFD/OIA - MR. COURTNEY

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P 182358Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

AMEMBASSY TAIPEI

AMEMBASSY MANILA

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

AMEMBASSY KUALA LUMPUR

AMEMBASSY BANGKOK

C O N F I D E N T I A L STATE 141296

STADIS//////////

E.O. 11652: GDS

TAGS: EGEN

SUBJ: SENATE HEARINGS ON OPIC

FOR AMBASSADOR

1. SENATE FOREIGN RELATIONS SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS, CHAIRED BY SEN. CHURCH, IS HOLDING HEARINGS ON ACTIVITIES OF OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC). DEP. ASS'T. SECY. BARGER HAS BEEN ASKED TO TESTIFY ON JULY 30 WITH SPECIAL REFERENCE TO "FOREIGN POLICY ISSUES RAISED BY THE GUARANTEE PROGRAM WITH PARTICULAR REFERENCE TO KOREA AND TAIWAN."

2. WOULD APPRECIATE HAVING YOUR CONSIDERED VIEWS ON OPIC OPERATIONS IN YOUR COUNTRY, HOW EFFECTIVELY IT PROMOTES
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U.S. FOREIGN POLICY OBJECTIVES, WHAT PROBLEMS IT HAS

CREATED, WHAT CHANGES, IF ANY, YOU WOULD SUGGEST IN ITS OPERATIONS.

3. YOU MAY WISH TO COMMENT ON SOME OR ALL OF FOLLOWING ISSUES. HAVE OPIC AND PREDECESSOR GUARANTEE PROGRAMS SUBSTANTIALLY CONTRIBUTED TO FLOW OF U.S. PRIVATE FOREIGN INVESTMENT TO YOUR COUNTRY? WOULD LESS CONSIDERATION GIVEN BY OPIC TO RISK MANAGEMENT HAVE RESULTED IN GREATER FLOW OF PRIVATE INVESTMENT? HAS ENCOURAGEMENT OF PRIVATE INVESTMENT RUN COUNTER NATIONAL SENSITIVITIES OF HOST

COUNTRY? DOES OPIC REQUIREMENT OF AGREEMENT ON SUBROGATION AND MANDATORY ARBITRATION CREATE DIFFICULTIES OR DOES THIS REQUIREMENT UNDULY INVOLVE U.S. GOVERNMENT? DOES OPIC GUARANTEE TEND TO MAKE COMPANIES LESS RESPONSIVE TO HOST COUNTRY SENSITIVITIES? WHAT IS IMPACT OF OPIC OPERATIONS ON "EXPORTING AMERICAN JOBS" AND ON U.S. BALANCE OF PAYMENTS? HOW DO YOU SEE RELATIVE MERIT OF ENCOURAGING INVESTMENT IN EXTRACTIVE VS MANUFACTURING INDUSTRIES? (U.S. NEED FOR RAW MATERIALS, LESS COMPETITIVE EXPORTS TO U.S., GENERALLY MORE NEED FOR GUARANTEES VS GREATER OPIC EXPOSURE, GREATER HOST COUNTRY SENSITIVITY

4. WE WOULD ALSO WELCOME YOUR OBSERVATIONS ON FOREIGN INVESTMENT ACTIVITIES AND GUARANTEES PROVIDED BY OTHER CAPITAL EXPORTING COUNTRIES, SPECIFICALLY JAPAN.

5. FOR SEOUL, SINGAPORE, TAIPEI: BELIEVE MELVIN BLUM OF SUBCOMMITTEE STAFF VISITED YOUR COUNTRY RECENTLY. WOULD APPRECIATE ANY INFORMATION ON HIS INTERESTS, ACTIVITIES, FINDINGS.

6. COULD WE HAVE YOUR REPLY NOT LATER THAN JULY 25?

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